



The *changing* risk landscape
Strategic Risk Management for corporate resilience

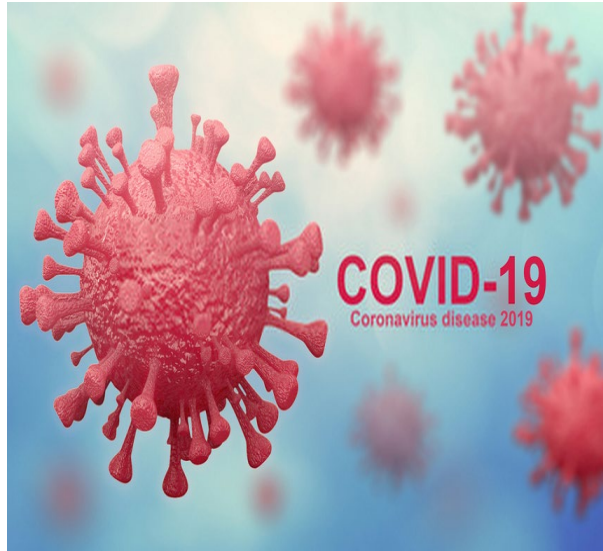
Cecilia Tse | Enterprise Risk Management Specialist, Aon Enterprise Risk Solutions



Cecilia Tse has a background in law and over 20 years' experience in legal, risk and assurance management in the public and private sectors. Cecilia brings her experience working with leadership teams and Boards to support clients enhance their risk maturity, risk governance and risk response. She advises clients on best practice enterprise risk management including framework reviews, risk appetites and strategic risks.

Visit | aon.co.nz/riskmanagementservices

What's keeping you up at night?



New Zealand towns hit by 'once in 500-year flood' as storm sweeps in

State of emergency declared in parts of North Island after rivers burst banks amid extreme winds brought by tail-end of ex-cyclone Debbie



NZX website woes continue with main site crashing after successful morning

By Matty Flanagan | 13.02. Sep 01 2020



Los Angeles Times

IT'S A RACE LIKE NO OTHER

Woodland Hills sees all-time high for L.A. County as 20 degrees, hot weather also puts strain on power grid.

Record heat fuels series of fires

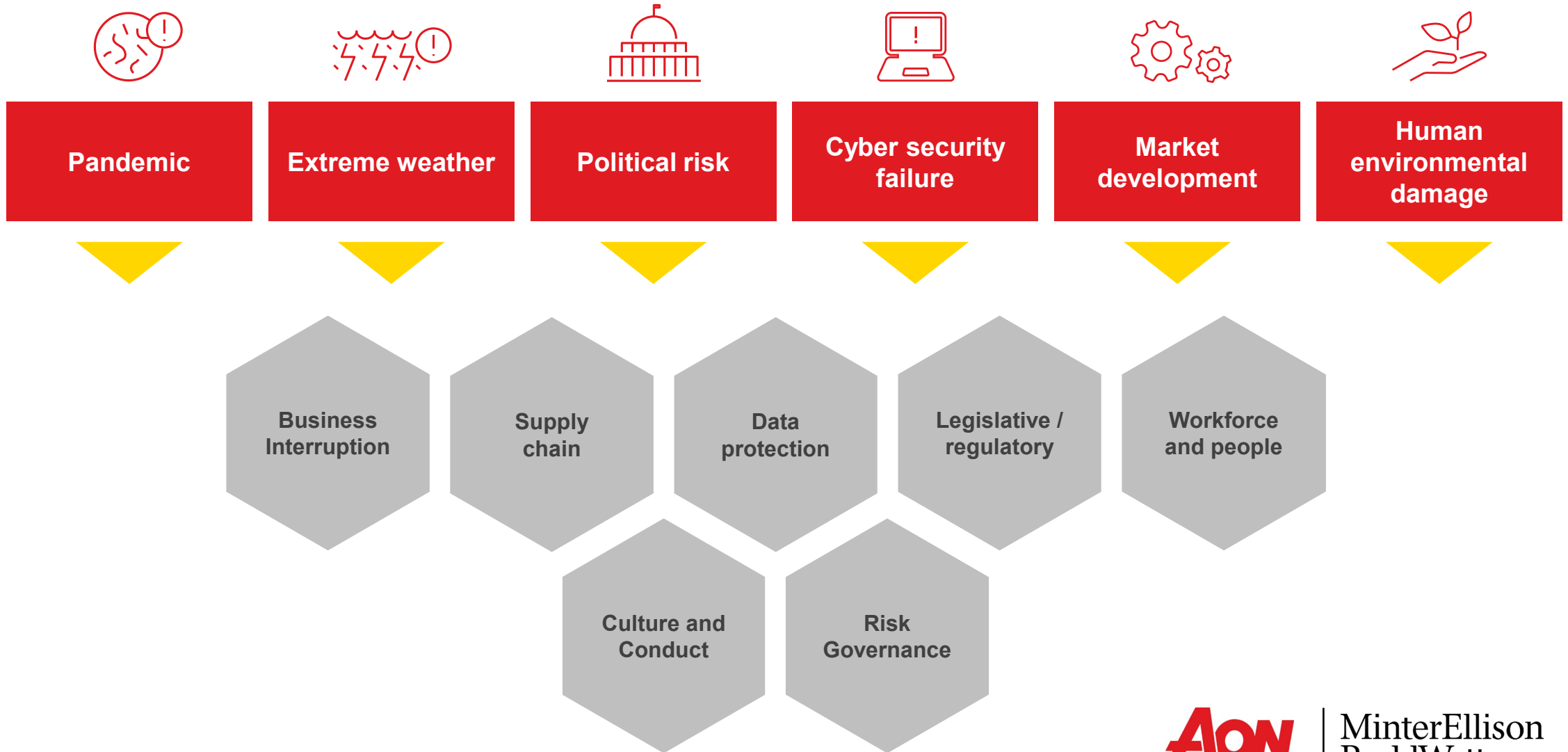
Woodland Hills sees all-time high for L.A. County as 20 degrees, hot weather also puts strain on power grid.

In the Sierra, a nighttime rescue as flames close in

Trapped visitors evacuated from Mammoth Pool area



The changing risk landscape



What have I learnt so far?

Future shocks

- We live in a dynamic environment
- Scan for new and emerging risks
- Risks are inter-connected
- Manage insurable and non insurable risks

Critical 'Must Do's' going forward to deal with future shocks:

Do much more to evaluate future major shocks- prepare for the Grey Swan

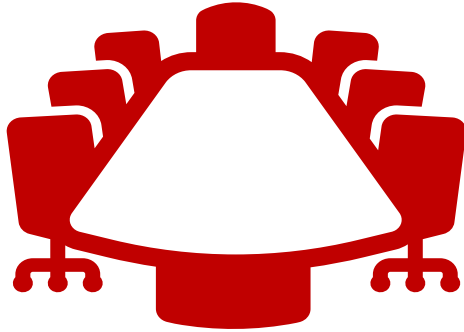
- ✓ Building resiliency
- ✓ Use of data and analytics to drive better decision-making
- ✓ Elevate risk management to an enterprise/ strategic level



Elements of Enterprise Risk Management

- 1 Risk strategy**
Setting a strategy aligned with business goals
- 2 Material risks**
Identifying and consolidating material risks
- 3 Risk appetite**
Defining and articulating the risk appetite
- 4 Risk governance**
Meeting ongoing reporting and disclosure requirements
- 5 Monitor, evaluate and report**
Monitoring evaluate and report material and emerging risks and controls
- 6 Incident management**
Incident management process
- 7 Risk identification and assessment**
Providing insight and quantification of material risks
- 8 Culture and conduct**
Identifying effects of culture and conduct risks on objectives
- 9 Risk resilience**
Identifying 'crown jewels' where resilience is most required
- 10 Roles and responsibilities**
Roles across 3 Lines of Defence
- 11 Assurance**
Evaluating and aligning risk and assurance processes
- 12 Training and Upskilling**
Risk management training

Risk governance and ESG



- New ISO guidelines: ISO 37000
- 6 enabling principles
- Board and management working together effectively



Environmental



Social



Governance

- Rapidly growing area, of increasing interest and focus
- What it is
- Relevance to organisations

ESG - Potential issues impacting across the enterprise



Environmental factors

- Carbon / Greenhouse gas emissions
- Managing waste
- Fossil fuel dependence
- Climate change
- Water issues (use, access, local supply)
- Toxic chemical usage
- Renewal energy



Social factors

- Diversity & inclusion
- Human capital
- Employee engagement
- Fair trade
- Animal testing
- Human rights
- Working conditions
- Supply Chain diversity/business ethics



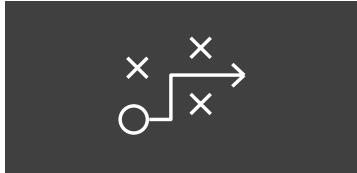
Governance factors

- Board composition
- Transparency-reporting and disclosure
- Governance/Oversight committees
- ERM / Ethics & compliance
- Company values/vision
- Director independence
- Accounting practices and policies
- Legal challenges and regulatory compliance
- Disclosure of ESG

Final thoughts



New risk landscape presents new challenges we need to be ready for



Risks are interdependent and successful risk management requires an enterprise view



Use data analytics to make better decisions



Good risk governance is more important than ever

Actions to move forward with

1

Ensure your existing risk management approach is up to date and relevant.

- External reviews of framework
- Benchmark with industry peers

2

Develop a risk strategy and plan that integrates both insurable and non-insurable risks.

- Independent risk maturity assessment
- Insurance risk profiling

3

Consider ESG performance in your ERM framework and risk governance.

- ESG assessment as part of risk framework
- Create ESG risk register

Woodrow Bould | Director, Aon Risk Management Services



Woodrow manages Aon Risk Accounting which includes pre-loss policy structure and declared value consulting as well as post-loss claim management and advocacy services. Woodrow has managed and settled numerous complex claims for some of Aon's largest clients and has experience across a wide range of industries, with the ability to add valuable insight and advice.

Visit | aon.co.nz/riskmanagementservices



Why is risk management and strategic insurance purchasing important?

Not all risks can be transferred to an Insurer

Not all insurable risks *should* be transferred to an Insurer

Where does strategic insurance purchasing fit in with your risk management strategy?

Conduct an Insurable Risk Profile

“Insurance is for when all mitigation controls fails”



Business continuity plans (BCP) and Business Interruption (BI)

BCP / BI

- BCP and your BI insurance

Testing your loss scenarios

- Suez Canal
- Critical spares on site?
- Impact of a pandemic
- **Indemnity Period**

BI Cover

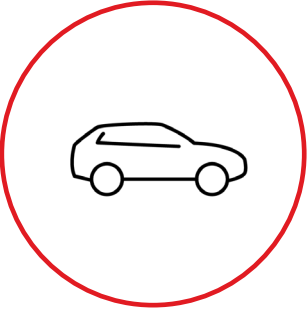
- Checking efficacy of your BI cover with your broker



Real life examples



Covid 19
(is everybody bored of hearing about it?)



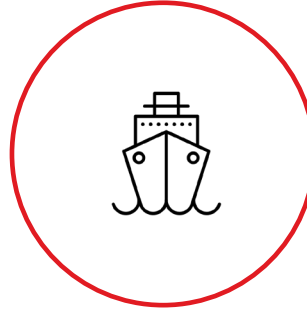
State Highway 1
in Kaikoura



“She'll be right”
when setting short
Indemnity Periods



Full cover for payroll,
yet expected to
make a saving



Suez Canal –
Who has revised
their BCP?

Dr Tracy Hatton | Joint Managing Director, Resilient Organisations



Tracy has extensive experience leading research and consulting projects focusing on organisational resilience, disaster preparedness and recovery. Tracy works at the interface between research and practice, ensuring that high quality research is converted into real solutions for organisational problems. She is a skilled facilitator who delivers engaging and effective training and workshops relating to organisational resilience and disaster recovery.

Visit | resorgs.org.nz

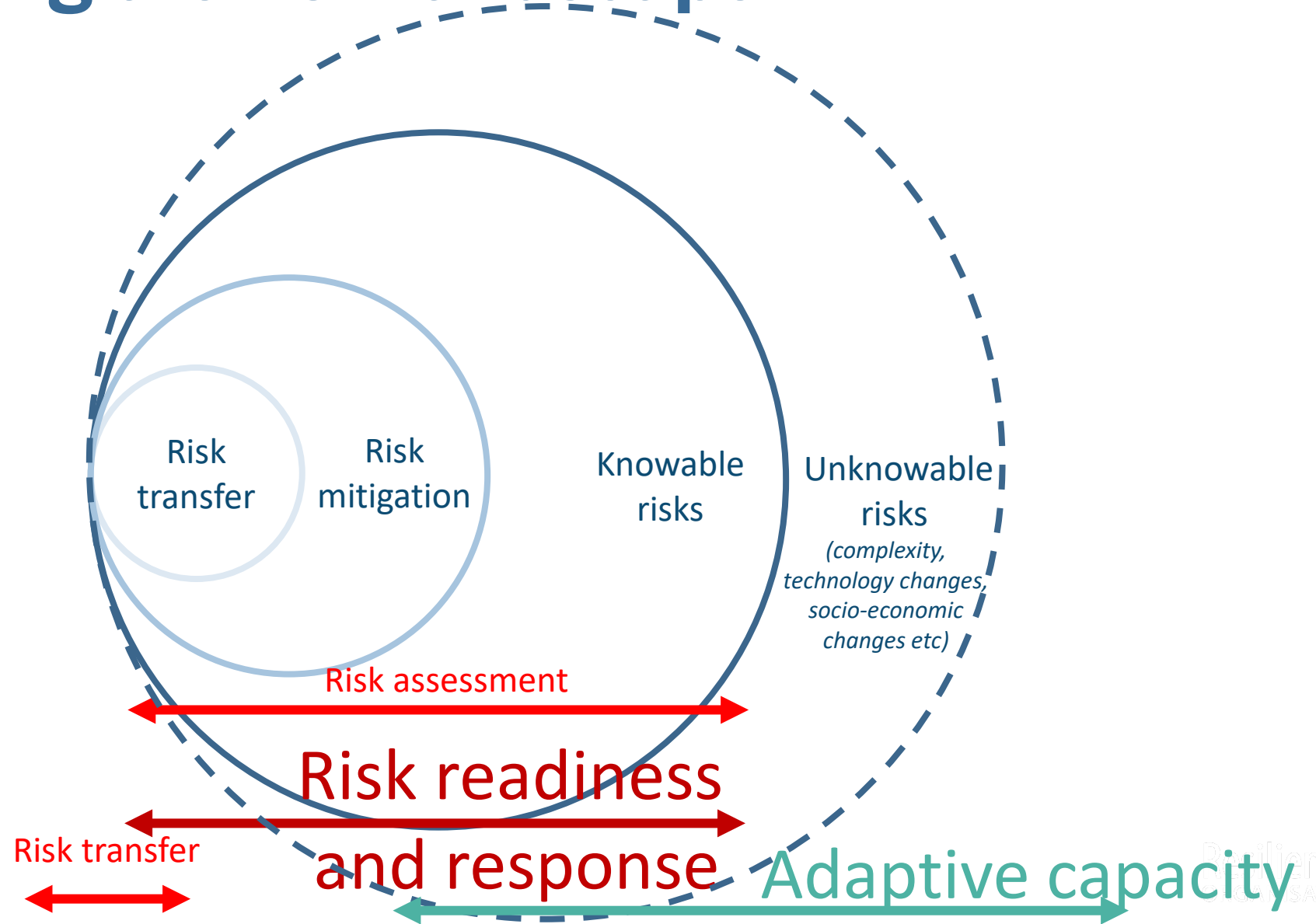
Resilient 
ORGANISATIONS
www.resorgs.org.nz

Experts in risk and resilience

Helping organisations prepare for
and get through times of crisis

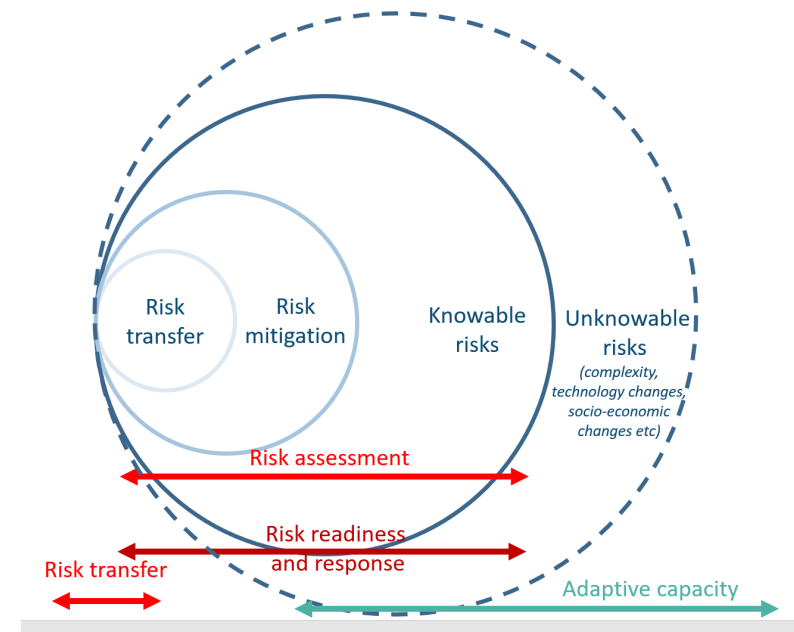
AON | MinterEllison
RuddWatts.

Visualising the risk landscape



Organisational resilience

The ability to
survive
a crisis
and thrive
in a world of uncertainty



Planned AND adaptive



Planning

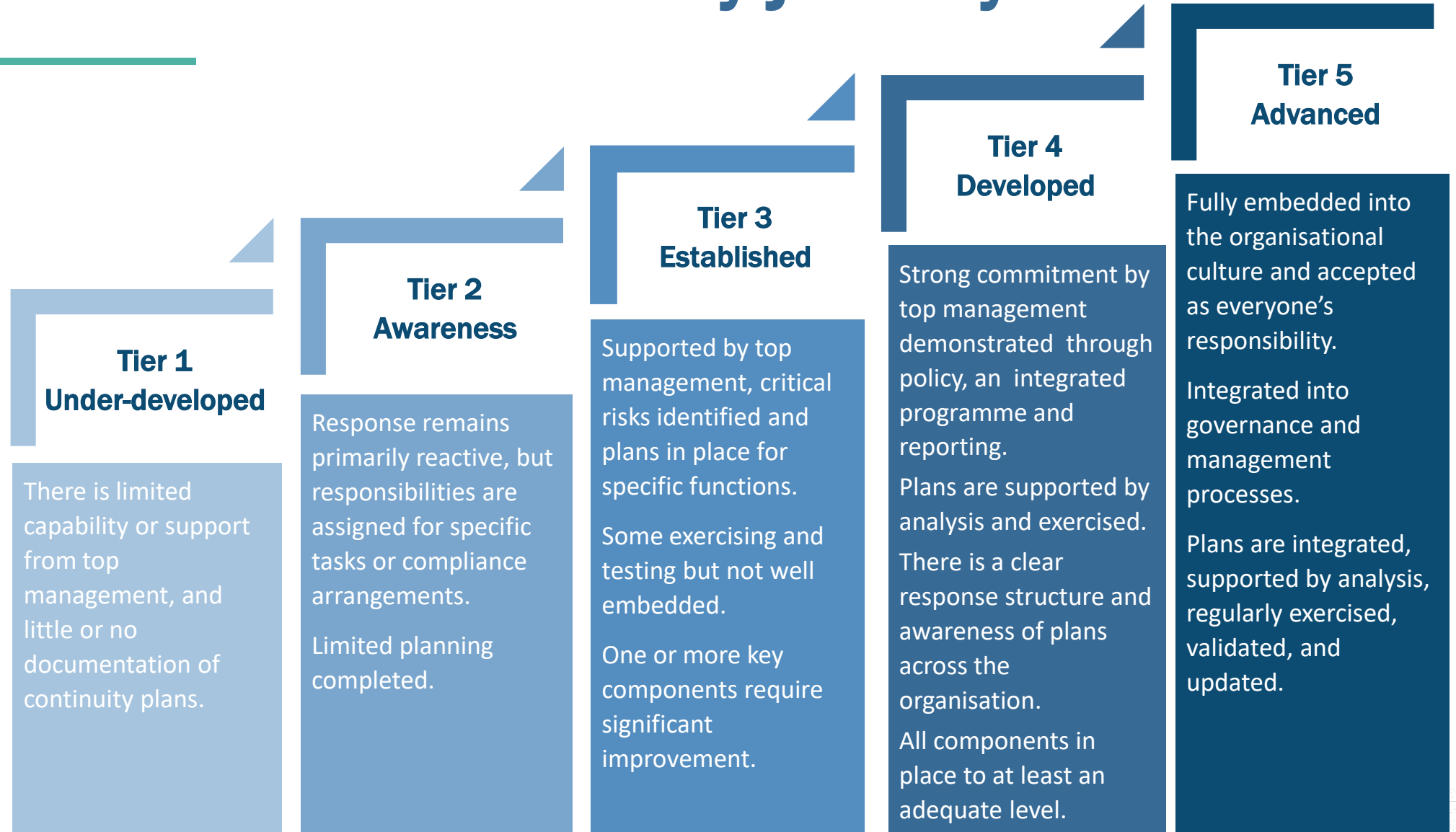
Crisis Management

The plans and processes to ensure timely and effective **responses** to any disruption. This is the control and co-ordination of both the strategic and operational management of an incident.

Business Continuity

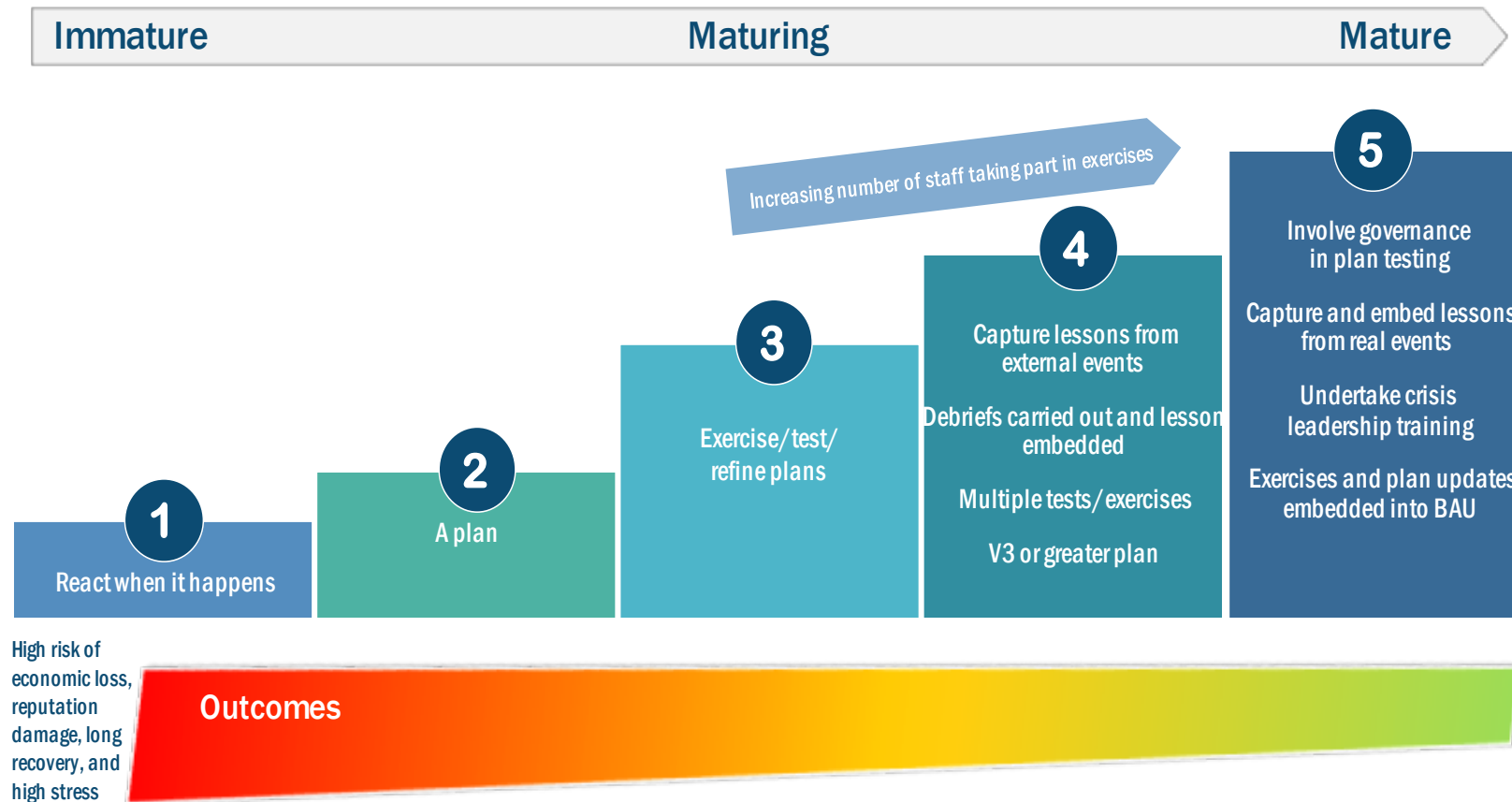
How an organisation achieves appropriate planning to reduce the impact of any disruption and to **enable rapid resumption** of activities.

The business continuity journey



Crisis management

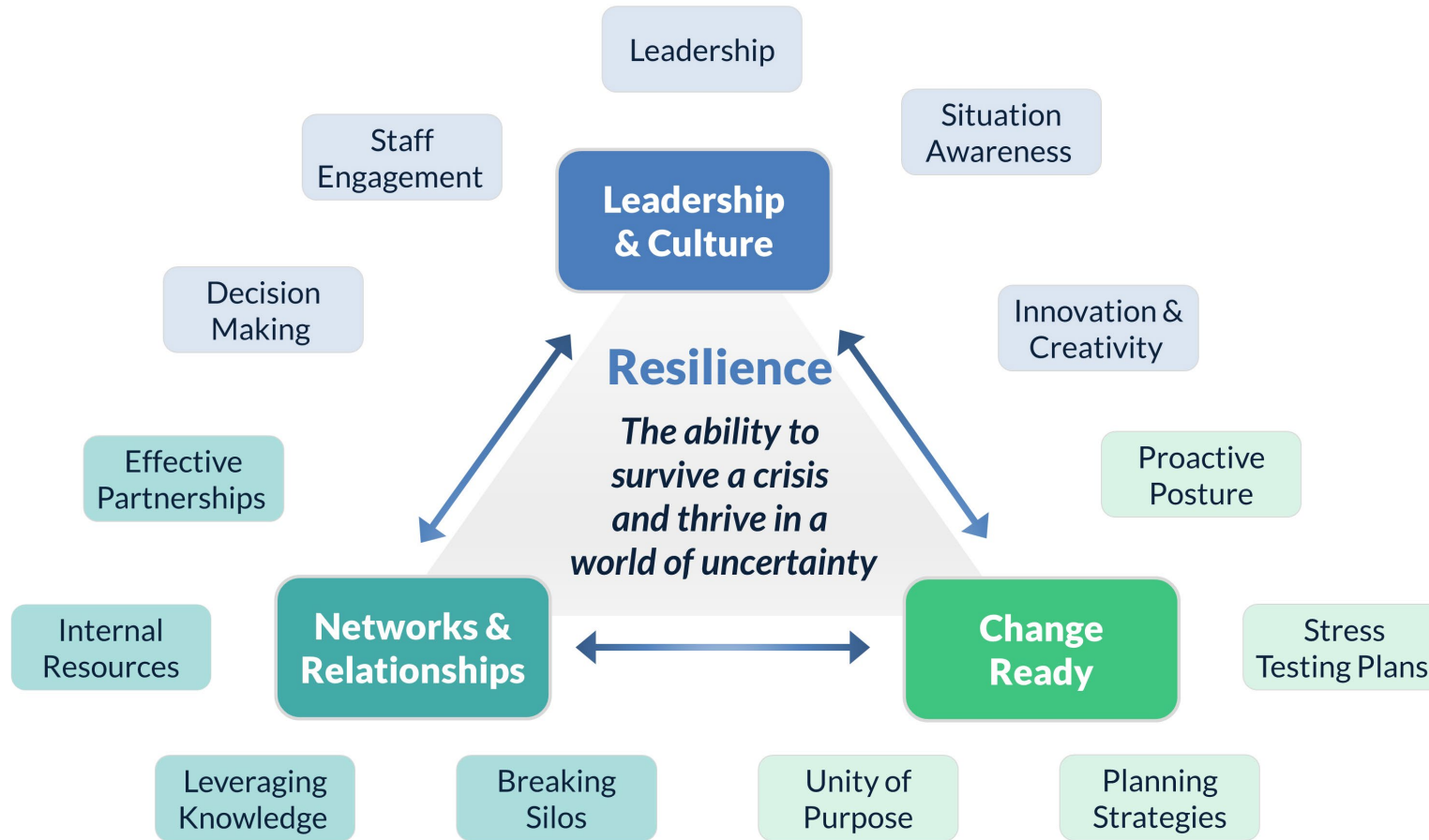
Crisis management maturity overview



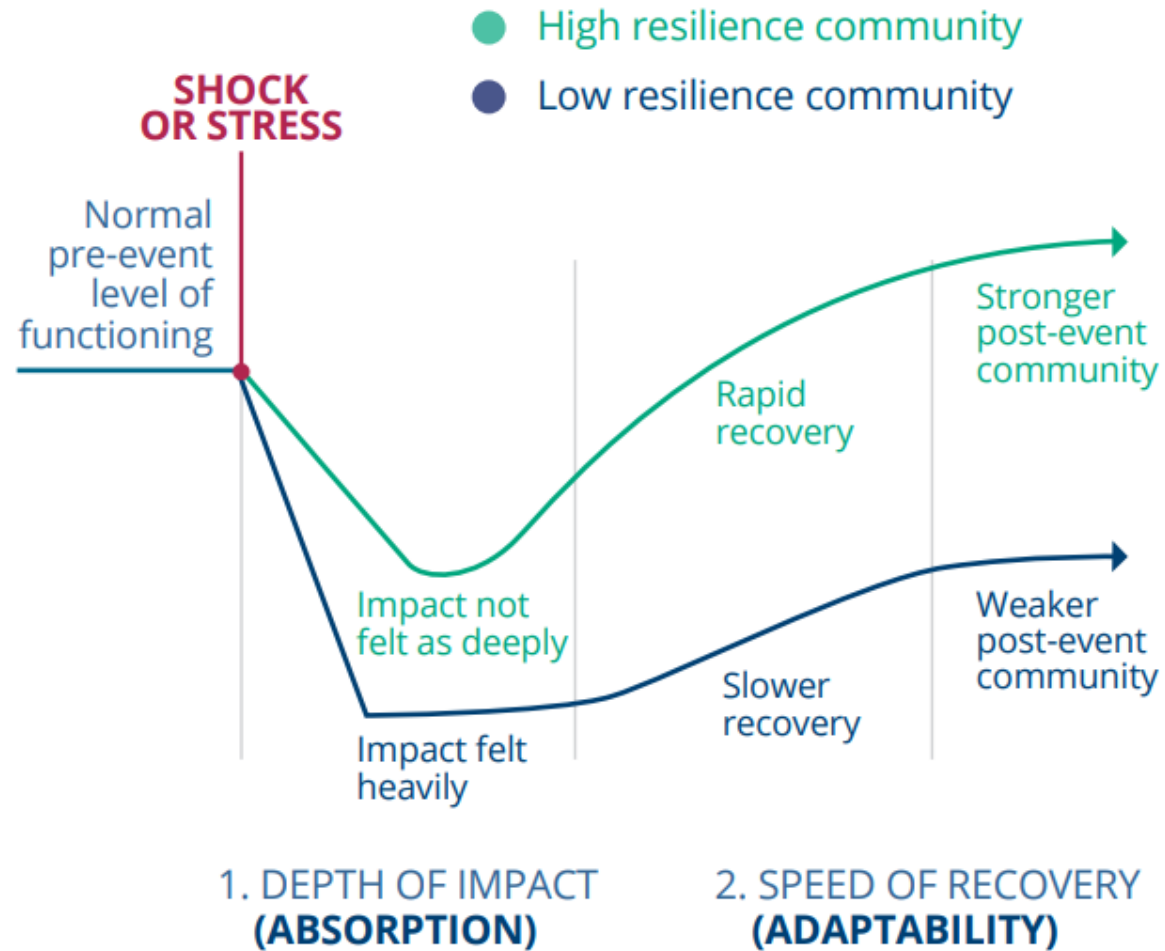
Planned AND Adaptive



Indicators of resilience



The business case for resilience



Andrew Horne | Partner, MinterEllisonRuddWatts



Andrew specialises in commercial litigation and dispute resolution. He also leads our insurance practice. Andrew has particular expertise in commercial and contract disputes, corporate and regulatory issues, financial services, insurance, technology and telecoms.

Andrew regularly acts for major listed companies and financial institutions in New Zealand and around the world. He is experienced in managing complex, high-value disputes and appearing as an advocate in all levels of the New Zealand courts. He also regularly settles cases in mediation.

Visit | [minterellison.co.nz](https://www.minterellison.co.nz)

A close-up photograph of a person in a dark blue suit and striped tie, sitting at a desk and writing in a notebook with a black pen. The background is a blurred library or office setting with bookshelves. The text is overlaid on the left side of the image.

How does law fit into a strategic risk management plan?

Before and during an event

Before an event

- Obligations – consider an obligations register
- Contracts - up to date and compliant
- Contract processes – effective
- Record-keeping – appropriate for legal risks
- Insurance – suitable for legal risks
- Action plan for legal issues

During an event

- Appoint a project leader
- Get advice early – legal, technical
- Preserve your records
- Contact your insurer / broker
- Manage messaging – internal + external
- Manage your team



Key contacts



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Thank you

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